



FINANCIAL INDEPENDENCE - A MUST FOR WOMEN EMPOWERMENT

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ABSTRACT

Women are now gaining impetus in the political field, yet their participation in the economic sphere remains subdued. Even at the micro level, women tend to shy away from family finances and rely on their male counterparts to deal with the money matters. The article discusses the need for financial independence of women as a prerequisite to women empowerment. Nuclear family set ups, dual income need, increasing rates of divorces, etc have made it necessary for women to take charge of the much dreaded financial decisions. To be fully empowered, women need to shed their apprehensions and fears and strive to gain enough understanding of the financial matters. This will give them the much needed confidence and will help them secure their future.

KEYWORDS: financial independence, women empowerment, financial tips for women

Introduction

In the recent past, the whole of India has been consciously giving a lot of attention to issues pertaining to women, be it violence against women, gender equality, successful women leaders, etc. While the Indian society has done well in encouraging women into the political sphere, it still finds ways to ensure that they do not participate in the economic sphere - a sad fact that will continue to weigh down its economic growth prospects. According to the World Bank, two out of every three women in India are not employed. The loss in GDP that the country incurs as a side-effect of low female workforce participation is a major drag on overall economic performance. The UN and International Labor Organisation have noted that India's growth rate could jump by 4.2 per cent if women were given more opportunities. That would push India's current growth rate closer to 10 per cent, making it, once again, one of the world's fastest accelerating economies¹. The under-representation of women in workforce, according to a Teamleavesurvey, is largely owing to the stereotypical choice of higher education. More than 61 per cent of women choose non-professional courses, reducing their chance to get gainful employment opportunities².

Need for Financial Independence

Unfortunately, many women view money and money-related tasks as necessary evils, not opportunities to even the odds. More than 41 per cent of the female population struggles financially, according to Wider Opportunities for Women, a non-profit group dedicated to female empowerment³. Generally speaking, women earn less, save less, and live longer—but are still responsible for the same living expenses men pay. Overcoming these obstacles demands serious dedication to increasing earnings, planning how to spend money, investing prudently to ensure financial independence and security.

Unequal job opportunities and an unfair wage gap besides the life interruptions slow down the career growth of women and in some cases may even force women to struggle for their basic living needs.

When women take breaks from their career for childbirth, raising children and taking care of elderly parents, they often sacrifice the growth they could have achieved had they continued in their work. Besides this, there is a growing trend of women taking equal responsibility in buying a home or a car for the family. This obviously leads to more women seeking loans. This increases the need to be financially aware and secure.

In today's fast paced world, a high percentage of marriages end in divorces leading to separation of a woman from her husband. The end of even the worst marriage usually spells disaster for the average Indian woman. The reasons are straight-forward. One, there is no concept of joint marital property. The assets (vehicles, houses etc.) remain with the person who holds the title, most often the man. Two, when the woman has a case, she often can't afford the extended legal battle required to secure her rights. And three, while Indian laws make provision for alimony and child support, these rarely offer relief in the real world. In such a situation not only a woman needs to make both ends meet but also plan for her children's future. Again, the need for women to be able to handle finances efficiently.

For all these reasons and many more, its high time the all-rounder women community look at finances seriously and make themselves financially secure and independent

Suggestions

This article discusses a few very basic things that need to be started with.

1. **Open a savings bank account** - This may be difficult to believe, it's a fact that most women who opt to be homemakers do not have a bank a/c in their name. In order to control money laundering, Government has made it mandatory to route most of the financial transactions through the banking system, even the LPG subsidy is now directly passed on to the consumer's bank account. The Pradhan Mantri Jan Dhan Yojana has helped rope a lot of people, including women, under the banking arena, yet the number of women having bank account and the knowledge to operate the same remains dismally low. Having a Bank account aids one in getting into the habit of saving and setting financial goals. It is, in fact, the first step towards financial independence. It is only after one has a bank account, various financial products like FDs, PPF, MFs, insurance, etc. become accessible.
2. **Make a budget:** Budgeting is not a rocket science; infact every woman homemaker is generally an expert in this area. Making a budget does not necessarily mean to restrict expenses, it simply means to have a systematic approach towards monthly income and expenses. This can help in a big way to become more disciplined about one's savings and investments too.
3. **Buy sufficient risk cover:** It's a myth that only men need to take insurance. Women are equally, if not more, exposed to various risks in life and hence need to plan for the same. Medical exigencies can dent anyone's budget and lead to financial distress. In addition to these, the breadearners of the family also need to have sufficient life cover to ensure a smooth life of their family, in the event of their untimely death. The need of insurance is often underestimated. This is especially important for single women who take the baton to provide for the family's daily needs.
4. **Tax planning:** Most women, even those in the highest tax bracket, pretty conveniently ignore this very important aspect. A penny saved is a penny earned. Hence, it is advisable to plan investments in such a way as to optimize one's disposable income. There are many tax saving options and one needs to look at those and chalk out an effective way to save on taxes. By investing in the various tax saving options under various sections of the IT Act like PPF, Equity linked saving schemes, Life and medical insurance, etc one can save on taxes besides ensuring a secure future for oneself.
5. **File Income tax return:** Very often, women, like the tax planning, avoid filing IT returns too. This could be simply because their income is below the exempted income or because the TDS is already deducted by the employer and there is no additional tax to be paid. At times, women even lose out on any refunds that could be received if the tax return is filed appropriately. An IT return is an important documentary proof of one's income and is pretty often called for by lenders before sanctioning a loan. Hence there are more than one reasons to file one. Infact the new online IT return filing is very user friendly and convenient even for the layman.
6. **Planning for retirement:** Everyone looks forward to a comfortable retirement but to ensure the same requires a lot of financial planning. It is very often observed that women rely on their husbands or children to take care of them in old age. All marriages end eventually, either through death or divorce. And it's usually the woman left behind. So it is extremely important for every woman to plan for her retirement. Making ones future financially

secure will also help sustain one's self esteem.

7. **Invest money to generate wealth:** While women are the ones who handle most of the day-to-day finances, the majority of women leave long-term financial planning to their husbands. Women, especially, do not get serious about money until they lose a job, lose a spouse or are near retirement," says Barbara Stanny, author of "Secrets of Six-Figure Women." In most families, it is the man who plans for all the financial needs and makes the all- so-important financial decisions for the family. Its high time, women stop shying away from money matters and take equal interest in investments. It is important for women to be aware even if the husband is handling it all. She should be able to read through the financial statements to understand how much is coming in. she should be aware of how much is the savings and where it is getting invested and also how much more is required to achieve their financial goals as a family.
8. **Not taking risks is the biggest risk:** Women generally tend to be risk averse as compared to their male counterparts. They are afraid of making mistakes and losing money and hence tend to prefer 'safer' investment options like FDs and post office schemes. While there is nothing wrong with these investments, yet these debt investments usually tend to earn just about or at times lower than the general inflation rate in the economy. So in real terms, rather than wealth generation, it may lead to loss of purchasing power of wealth in the long run.

Lack of awareness about various investment options and their features lead to sub-optimised investment portfolio. Learning about various features of different investment avenues and a conscious understanding of one's risk appetite can help generate wealth in the longrun.

And last but not the least, it's never too late. No matter what age, every woman should atleast begin her journey towards financial independence. One can start by doing little research and may be also seek professional advice from financial planners. Starting with small amounts can help build the much needed confidence.

Women empowerment shall remain incomplete without Financial Empowerment.

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